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FROM: Guatemala City

TO: Secretary of State

NO: 115, July 23, 6 p.m.

At request of Colonel Castillo Armas, President of Guatemalan Junta, I met with him last night at home of Minister of Communications Prado Velez and received somewhat disturbing confirmation of reports that relations between Castillo and Colonel Monzon, a member of the Junta, were less than cordial. Conversation indicated that Castillo may be tentatively searching for means of eliminating Monzon from Junta and assuming full authority himself.

In response to question about his relations with Monzon, Castillo said he believed Monzon was trying to derive advantage from present fluid situation and was allowing idea to be propagated that army had been humiliated and had justification for revenge. He apparently feared Monzon might succeed in influencing third Junta member, Major Oliva, for he said he had warned Oliva to deal with army in straightforward fashion and that rumors were dangerous.

Much later in conversation, Colonel Castillo asked my opinion about course which future political development of Guatemala should take and, when urged to be more precise, explained that there were three possibilities:

1. Present Junta could continue for two years or so;

2. Constituent convention could be held and elect Castillo provisional President.

3. Convention could draw up constitution and hold elections in relatively near future. He added that he and his advisers regarded last as impractical in present circumstances.

I made several efforts to persuade Castillo to indicate his personal preference, but he evaded doing so. We agreed subject warranted most careful study and that domestic political considerations were of primary importance but that hemisphere opinion must also be taken into account. I said we would discuss matter again before I left for Washington next month.

Although Guatemala has been kvghing* with rumors, apparently originating with Castillo's followers, of friction between Castillo and Monzon, Castillo himself up to now has always maintained that he was generally satisfied with Monzon's cooperation. While there has been some evidence of differing

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views on treatment army officers who held key positions in Arbenz regime, there is no evidence that Monzon is impeding Castillo's program; on other hand there are several indications that Monzon'a intimate knowledge of government structure could be of value to Castillo and his close followers, many of whom have been out of Guatemala for years. Nevertheless Castillo's mention of his possible election as "provisional President" may indicate he is considering possibility of taking power alone.

In view of this situation I have asked Military and Air Attaches to make special efforts to sound out opinion among army officers and other Embassy officers will also keep their ears to the ground.

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* As received, will be serviced upon request.